

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SSO-00 NSCE-00 SS-20 INRE-00

SCI-06 AEC-11 AECE-00 FEA-02 ACDA-19 CIAE-00 INR-11

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FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 4228

INFO AMEMBASSY ATHENS

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

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E.O. 11652: N/A

TAGS: TECHN, ENRG, GW

SUBJECT: COMPLETION OF AEC ENTRICHMENT CONTRACTING

REF: (A) STATE 169743, (B) STATE 169744

1. TEXT OF PRESIDENTIAL STATEMENT (REF B) TRANSMITTED
ON AUGUST 5 BY EMB ECON COUNSELOR TO MFA OFFICE
DIRECTOR FOR INTERNATIONAL COOPERATION IN PEACEFUL
USES OF NUCLEAR ENERGY RANDERMANN WITH UNDERSTANDING
THAT FRG WOULD NOT MAKE PUBLIC UNTIL STATEMENT OFFICIALLY
RELEASED IN WASHINGTON.

2. FONOFF REP EXPRESSED HIS APPRECIATION FOR THE
ASSURANCES EMBODIED IN THE PRESIDENTIAL
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STATEMENT AND FOR THE AMPLIFYING INFORMATION CONVEYED

ON THE BASIS OF REFTEL A. WHILE ASSERTING THAT HE WAS NOT TECHNICALLY QUALIFIED, HE RAISED FOLLOWING TWO QUESTIONS TO WHICH ANSWERS WERE EITHER NOT PROVIDED IN THE DEPARTMENT'S MESSAGE OR WERE NOT AUTHORIZED FOR RELEASE:

- A) WHAT WAS THE BASIS FOR ALLOCATING THE STANDARD AND CONDITIONAL CONTRACTS?
- B) INASMUCH AS CONDITIONAL CONTRACTS ARE TO BE CONTINGENT ON UTILIZATION OF PLUTONIUM AS FUEL FOR NUCLEAR POWER PLANTS, HOW WOULD A SHORT- FALL IN URANIUM ENRICHMENT CAPACITY BE MADE UP IN THE EVENT OF AN ADVERSE DECISION ON PLUTONIUM?

3. RANDERMANN FURTHER COMMENTED THAT, ACCORDING TO HIS INFORMATION, US PRIVATE INDUSTRY WAS RELUCTANT TO ENTER THE URANIUM ENRICHMENT FIELD, WHICH ADDS TO THE UNCERTAINTY ABOUT THE SOURCE OF SUPPLY FOR FULFILLING THE TERMS OF THE CONDITIONAL CONTRACTS.

4. IN RESPONSE, EMBOFFICERS STRESSED POINT IN THE PRESIDENTIAL STATEMENT THAT THE US WILL IN ANY EVENT FULFILL THE FUEL REQUIREMENTS IN THOSE CONTRACTS FROM US SUPPLY SOURCES.

5. IT MAY BE OF INTEREST TO THE DEPARTMENT THAT RANDERMANN ASKED WHETHER EMBOFFS COULD CONFIRM INFORMATION WHICH MFA POLITICAL DIRECTOR VAN WELL BROUGHT BACK FROM HIS RECENT VISIT TO WASHINGTON TO THE EFFECT THAT THE AEC HAD ESTABLISHED THE FOLLOWING ORDER OF PRECEDENCE IN CONTRACT ALLOCATION: 1) US UTILITIES; 2) JAPANESE CONTRACTORS; 3) EUROPEAN CONTRACTORS. RANDERMANN ADDED THAT THIS REPORT, IF TRUE, WAS DISTURBING TO THE FRG. ALSO, IT IS IN CONFLICT WITH OUR ASSURANCES OF NON-DISCRIMINATORY TREATMENT. BEARING IN MIND INSTRUCTION IN PARA 5B OF REFTEL A, EMBOFFICERS DISCLAIMED KNOWLEDGE OF SUCH PRECEDENCE IN US CONTRACT ALLOCATIONS. HILLENBRAND

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